



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB3419

Introduced 4/12/2016, by Sen. Toi W. Hutchinson

SYNOPSIS AS INTRODUCED:

35 ILCS 5/210
35 ILCS 5/210.5
35 ILCS 5/224 new

Amends the Illinois Income Tax Act. Provides that the credit for employee child care shall be in an amount equal to 50% of the start-up costs expended by the taxpayer to provide a child care facility for the children of its employees and 20% of the annual amount paid by the taxpayer to provide an on site child care facility for the children of its employees or to pay for the provision of child care offsite for the children of its employees (currently, 30% of the start-up costs and 5% of the annual amount). Provides that the taxpayer may coordinate with an independent child care facility to provide care for the children of employees. Creates a child care credit in an amount equal to 20% of the federal tax credit for each qualifying child. Effective immediately.

LRB099 21287 HLH 46936 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 210 and 210.5 and by adding Section 224 as
6 follows:

7 (35 ILCS 5/210)

8 Sec. 210. Dependent care assistance program tax credit.

9 (a) Beginning with tax years ending on or after June 30,
10 1995, each taxpayer who is primarily engaged in manufacturing
11 is entitled to a credit against the tax imposed by subsections
12 (a) and (b) of Section 201 in an amount equal to 5% of the
13 amount of expenditures by the taxpayer in the tax year for
14 which the credit is claimed, reported pursuant to Section
15 129(d)(7) of the Internal Revenue Code, to provide in the
16 Illinois premises of the taxpayer's workplace an on-site
17 facility dependent care assistance program under Section 129 of
18 the Internal Revenue Code.

19 (b) If the amount of credit exceeds the tax liability for
20 the year, the excess may be carried forward and applied to the
21 tax liability of the 2 taxable years following the excess
22 credit year. The credit shall be applied to the earliest year
23 for which there is a tax liability. If there are credits from

1 more than one tax year that are available to offset a
2 liability, the earlier credit shall be applied first.

3 (c) A taxpayer claiming the credit provided by this Section
4 shall maintain and record such information as the Department
5 may require by regulation regarding the dependent care
6 assistance program for which credit is claimed. When claiming
7 the credit provided by this Section, the taxpayer shall provide
8 such information regarding the taxpayer's provision of a
9 dependent care assistance program under Section 129 of the
10 Internal Revenue Code.

11 (d) If the credit authorized under this Section is claimed
12 for a taxable year, then the taxpayer may not also claim a
13 credit under Section 210.5 for the same taxable year.

14 (Source: P.A. 88-505.)

15 (35 ILCS 5/210.5)

16 Sec. 210.5. Tax credit for employee child care.

17 (a) Each corporate taxpayer is entitled to a credit against
18 the tax imposed by subsections (a) and (b) of Section 201 in an
19 amount equal to (i) for taxable years ending on or after
20 December 31, 2000 and on or before December 31, 2004 and for
21 taxable years ending on or after December 31, 2007 and before
22 December 31, 2016, 30% of the start-up costs expended by the
23 corporate taxpayer to provide a child care facility for the
24 children of its employees, ~~and~~ (ii) for taxable years ending on
25 or after December 31, 2000, 5% of the annual amount paid by the

1 corporate taxpayer in providing the child care facility for the
2 children of its employees, and (iii) for taxable years ending
3 on or after December 31, 2016, 50% of the start-up costs
4 expended by the corporate taxpayer to provide a child care
5 facility for the children of its employees and 20% of the
6 annual amount paid by the corporate taxpayer to provide an on
7 site child care facility for the children of its employees or
8 to provide child care offsite for the children of its
9 employees. The provisions of Section 250 do not apply to the
10 credits allowed under this Section. If the ~~5%~~ credit authorized
11 under this Section ~~item (ii) of this subsection~~ is claimed, the
12 ~~5%~~ credit authorized under Section 210 cannot also be claimed.

13 To receive the tax credit under this Section a corporate
14 taxpayer may do any of the following: it may either
15 independently provide and operate a child care facility for the
16 children of its employees, ~~or~~ it may join in a partnership with
17 one or more other corporations to jointly provide and operate a
18 child care facility for the children of employees of the
19 corporations in the partnership, or it may coordinate with an
20 independent child care facility to provide care for the
21 children of employees.

22 (b) The tax credit may not reduce the taxpayer's liability
23 to less than zero. If the amount of the tax credit exceeds the
24 tax liability for the year, the excess may be carried forward
25 and applied to the tax liability of the 5 taxable years
26 following the excess credit year. The credit must be applied to

1 the earliest year for which there is a tax liability. If there
2 are credits from more than one tax year that are available to
3 offset a liability, then the earlier credit must be applied
4 first.

5 (c) As used in this Section, "start-up costs" means
6 planning, site-preparation, construction, renovation, or
7 acquisition of a child care facility. As used in this Section,
8 "child care facility" is limited to a child care facility
9 located in Illinois.

10 (d) A corporate taxpayer claiming the credit provided by
11 this Section shall maintain and record such information as the
12 Department may require by rule regarding the child care
13 facility for which the credit is claimed.

14 (Source: P.A. 95-648, eff. 10-11-07.)

15 (35 ILCS 5/224 new)

16 Sec. 224. Child care credit.

17 (a) With respect to the federal child tax credit allowed
18 for the taxable year under Section 24 of the federal Internal
19 Revenue Code, each qualified individual taxpayer is entitled to
20 a credit against the tax imposed by subsections (a) and (b) of
21 Section 201 in an amount equal to 20% of the federal tax credit
22 for each qualifying child in each taxable year beginning on or
23 after January 1, 2016.

24 For a non-resident or part-year resident, the amount of the
25 credit under this Section shall be in proportion to the amount

1 of income attributable to this State.

2 (b) For each taxable year beginning on or after January 1,
3 2016, if the amount of the credit exceeds the income tax
4 liability for the applicable tax year, then the excess credit
5 shall be refunded to the taxpayer. The amount of a refund shall
6 not be included in the taxpayer's income or resources for the
7 purposes of determining eligibility or benefit level in any
8 means-tested benefit program administered by a governmental
9 entity unless required by federal law.

10 (c) For purposes of this Section:

11 "Qualified individual taxpayer" means a taxpayer who
12 may claim one or more qualifying children and whose federal
13 adjusted gross income is less than or equal to the
14 threshold amount, as defined in Section 24 of the Internal
15 Revenue Code.

16 "Qualifying child" means a child who is 12 years of age
17 or younger and may be claimed as a dependent on the
18 taxpayer's federal tax return under the Internal Revenue
19 Code.

20 (d) This Section is exempt from the provisions of Section
21 250.

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.